

Message Text

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51

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AF-04 ARA-06 EA-06 NEA-06 RSC-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01

INR-05 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 OIC-02 /109 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 6527

INFO AMEMBASSY THE HAGUE

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FOR O'DONNELL - EB/ORF/ICD/TRP

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJ: COFFEE: NETHERLANDS "PROPOSALS AND COMMENTS" FOR
NEW INTERNATIONAL COFFEE AGREEMENT

REF: LONDON 16174

1. WE ARE TRANSMITTING BY AIRGRAM FIVE COPIES OF A
PAPER SUBMITTED TO THE INTERNATIONAL COFFEE ORGNAIZATION
(ICO), UNDER THE TERMS OF COUNCIL RESOLUTION 274, BY THE
NETHERLANDS DELEGATION, OUTLINING THE GON PROPOSALS FOR
A NEW COFFEE AGREEMENT. INTRODUCTORY PARAGRAPH OF THE
NETHERLANDS PAPER READS AS FOLLOWS: QUOTE. THE
NETHERLANDS GOVERNMENT HOLDS THE VIEW THAT - ALTHOUGH
STRUCTURAL OVERPRODUCTION OF COFFEE SEEMS TO HAVE COME
TO AN END - CLOSE INTERNATIONAL COOPERATION ON COFFEE
MARKETING IS STILL OF THE GREATEST IMPORTANCE TO
PRODUCING AS WELL AS IMPORTING COUNTRIES.

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IT WILL CONTRIBUTE TO THE STRENGTHENING OF POLITICAL

AND ECONOMIC BONDS BETWEEN DEVELOPING AND INDUSTRIALISED COUNTRIES AND IN PARTICULAR WILL STIMULATE THE DEVELOPMENT OF COFFEE PRODUCING COUNTRIES. UNQUOTE.

2. IN ESSENCE, THE PROPOSAL AIMS AT MAINTAINING COFFEE PRICES (I.E., CONCEPT OF FIXING "REAL" PRICE LEVELS) BY ASSIGNING MARKET SHARES AND MAINTAINING A FLEXIBLE QUOTA SYSTEM. IT ALSO ENVISAGES ESTABLISHMENT OF A LARGE EMERGENCY ASSISTANCE FUND TO AID MEMBER COUNTRIES HIT BY QUOTA CUTS.

3. SUMMARY OF PROPOSALS GIVEN IN DOCUMENT ITSELF TO CHANGE THE PRICE RANGES AT ANY TIME. WHEN FOLLOWS: QUOTE.

1. FIX BASIC-QUOTA IN A FLEXIBLE WAY.
2. FIX ANNUAL AND QUARTERLY QUOTA BEFORE THE BEGINNING OF EACH PERIOD.
3. READJUST QUARTERLY QUOTA ON A QUARTERLY BASIS WITH A TIME LAG OF ONE OR TWO QUARTERS.
4. AT A CERTAIN MARKET PRICE LEVEL QUOTA BECOME UNLIMITED, WHILE THE CONTROL-SYSTEM CONTINUES PERMANENTLY.
5. FOR QUOTA AS WELL AS CONTROL PURPOSES SPLIT THE WORLD MARKET INTO TWO SECTORS, NAMELY A INNER QUOTE MEMBER QUOTA MARKET AND A INNER QUOTE NON-MEMBER NON-QUOTA MARKET. END INNER QUOTE.
6. FIX PRICE RANGES AT ADEQUATE AND REALISTIC LEVELS TAKING INTO ACCOUNT INTERRELATIONSHIP BETWEEN CURRENCIES AND THE IMPACT OF CONSTANTLY PROGRESSING INFLATION.
7. ESTABLISH A FUND OF ROUGHLY 350 MILL. US \$ BY IMPOSING AN EXPORT/IMPORT LEVY OF 1 \$ CT. PER POUND IN ORDER TO ALLEVIATE TEMPORARILY THE FINANCIAL BURDEN OF PRODUCING MEMBER-COUNTRIES HIT BY QUOTA-CUTS.
8. APPOINT ANNUALLY A VICE-CHAIRMAN TO THE EXECUTIVE BOARD.
9. EXPRESS THE BUDGET IN CURRENCY OF COUNTRY WHERE THE ORGANIZATION IS ESTABLISHED. UNQUOTE.

4. REGARDING POINT (6) ABOVE, EXPANDED TEXT READS, IN PART, AS FOLLOWS: QUOTE. THE COUNCIL MUST HAVE LIMITED OFFICIAL USE

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THE AUTHORITY TO CHANGE THE PRICE RANGES AT ANY TIME. WHEN FIXING OR READJUSTING THE PRICE RANGES, THE OBJECTIVES OF THE AGREEMENT MUST BE TAKEN INTO ACCOUNT. IT IS TO BE AVOIDED THAT PRICE RANGES FOLLOW THE COURSE OF MARKET PRICES. ON THE CONTRARY, THE QUOTA MECHANISM IS MEANT TO FORCE WORLD MARKET PRICES WITHIN THE PRICE RANGES. UNQUOTE.

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